



Department of Justice

FOR IMMEDIATE RELEASE
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AT
(202) 616-2771
TDD (202) 514-1888

HOUSTON COMPANY INDICTED ON BID RIGGING ON GROCERY CONTRACTS TO PUBLIC SCHOOL DISTRICTS IN TEXAS

A federal grand jury in Houston, Texas, today returned a three-count Indictment charging Glazier Foods Co. of Houston, Texas, with bid rigging, making a false statement to a federal agency, and conspiring to commit mail fraud. The Indictment was filed in the United States District Court for the Southern District of Texas.

The first count of the Indictment charges that, beginning at least as early as 1985 and continuing thereafter until at least May 1990, Glazier Foods Co. conspired with others, in violation of Section 1 of the Sherman Act, to rig bids on contracts to supply wholesale grocery products to public school districts located in southeastern Texas in the counties of Brazoria, Brazos, Fort Bend, Galveston, Harris, Matagorda, Montgomery, Walker and Waller.

The wholesale grocery products purchased by the school districts were used in the preparation of meals for school children. A substantial portion of the funds used by the school districts to purchase these grocery products was provided by the Food and Nutrition Service, United States Department of Agriculture, through its Child Nutrition programs.

The second count of the Indictment charges that on or about August 15, 1989, Glazier Foods Co. knowingly submitted false statements on a bid to the Veterans Administration in Houston, on a frozen juice contract, certifying that the bid pricing was independently determined, when in fact an employee had discussed and agreed on the contract pricing with competitors before submitting the bid, in violation of Title 18, United States Code, Section 1001.

The third count charges that beginning at least as early as 1985 and continuing until May 1990, Glazier Foods Co. conspired with others to use the United States mails to defraud public school districts, in violation of Title 18, United States Code, Section 371.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said the charges resulted from an investigation by a federal antitrust grand jury in Houston into alleged antitrust violations in the wholesale food industry in southeastern Texas.

The investigation is being conducted by the Antitrust Division's Dallas Field Office with the assistance of the United States Department of Agriculture, Office of Inspector General, Investigations, Southwest Region. The investigation is continuing, Bingaman said.

The maximum penalty for a corporation convicted under the Sherman Act for violation occurring prior to November 16, 1990, is a fine of \$1,000,000, twice the pecuniary gain derived from the crime, or twice the pecuniary loss caused to the victims of the crime, whichever is greatest. The maximum penalty, per count, for a corporation convicted of conspiring to commit mail fraud is a fine of \$500,000, twice the pecuniary gain derived from the crime, or twice the pecuniary loss caused to the victims of the crime, whichever is greatest.

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